

State of Connecticut

GENERAL ASSEMBLY



PERMANENT COMMISSION ON THE STATUS OF WOMEN

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**Testimony of
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The Permanent Commission on the Status of Women
Before the
Labor and Public Employees Committee
Tuesday, February 17, 2005**

In Support of:

HB 6552 AAC Credit in the State Employees Retirement System for Prior State Service (A)

SB 1019 AAC The Municipal Employees' Health Insurance Plan (B)

Good afternoon Senator Prague, Rep. Ryan and members of the Committee. My name is Natasha Pierre and I am the Associate Legislative Analyst for the Permanent Commission on the Status of Women. Thank you for this opportunity to testify in favor of HB 6552 and SB 1019.

HB 6552 AAC Credit in the State Employees Retirement System for Prior State Service (A)

The PCSW support passage of HB 6552, which would reform state pension law to help remedy, the disadvantages faced by working women and the economic insecurity that many women face in retirement. Women significantly decrease their potential pension savings because they tend to take more time out of the workforce for child raising and other family caregiving responsibilities, and are more likely to work in part-time or female-dominated occupations that disproportionately lack pension and retirement savings opportunities

The U.S. Department of Labor documents the gap between women and men in annual median earnings for full-time year-round work, which currently stands at

approximately 24.5% - that is, women earn about 75 cents on the dollar for every dollar earned by men. But a recent report by Stephen J. Rose and Heidi I. Hartmann demonstrates that the cumulative wage gap between men and women over a 15-year period is much higher, with more damaging consequences for the economic security of women. One of the key reasons for this cumulative gap in earnings is the greater likelihood that women will have significant breaks in paid employment in order to take care of children or other family members. Over a 15-year period, more than half of women (52%) but only 1 out of 6 men (16%) reported at least one complete year out of the labor market, with no earnings. During that period (1983-1998), the gap between women's median cumulative earnings for women in their prime earning years between 26 and 59 years old and the median cumulative earnings of men in the same age group was 62%, much higher than the annual gap of 24.5%. In real dollars, during that same 15-year period, women earned a median of approximately \$274,000 while men earned a median of approximately \$733,000 – a difference of nearly half a million dollars (\$459,000).¹

According to the Social Security Administration, women workers retiring in 1998 worked an average of 29 years compared to men who worked 38 years.² The likelihood of working for an employer who offers a pension plan increases with jobs paying higher wages or those offering full-time work status. Only 56% of women who worked full-time participated in a pension or savings plan. The end result is that elder women are living in poverty. In 2000, 12.2% of women aged 65 and older were poor compared to 7.5% of men in the same age group.³ Taking unpaid time out of the labor market costs women and their families and puts their economic security at risk. We need reforms to protect the economic security of retired women.

SB 1019 AAC The Municipal Employees' Health Insurance Plan (B)

We also support the goal of R.B. 1019, to allow the Comptroller to provide insurance to small businesses on a risk-pooled basis through the MEHIP program. As you may know, we convene and collaborate with several groups for which this issue is a top priority: The PCSW convenes the Women's Economic Development Initiative to support the growth of women-owned small businesses, and we work collaboratively with the Connecticut chapter of NAWBO, the National Association of Women Business Owners. Every year, the top priority for the businesswomen with whom we work is securing affordable health insurance for themselves and their employees. We also convene the Connecticut Women's Health Campaign that has identified the problem of uninsured adults in our state as a high priority.

The Comptroller predicts that risk pooling will allow MEHIP and other associations that offer group insurance to small employers to reduce premiums by at least 15%. Reduced premiums will help small businesses secure health insurance and attract and retain high quality workers, and reduce the rate of uninsured in Connecticut

Approximately 1 out of 10 people in our state, or approximately 350,000, lack health insurance. The rate among adults aged 19-64 is actually higher – 14%. Most

¹ Stephen J. Rose and Heidi I. Hartmann, *Still a Man's Labor Market: The Long Term Earning's Gap*, Institute for Women's Policy Research, 2004, p. iii, www.iwpr.org

² Women's Institute for A Secure Retirement (Wiser), *Your Future Paycheck*, May 2002, p. 10.

³ *Ibid.*, p. 14.

uninsured adults are in working families (8 in 10).⁴ We need strategies to make health insurance more affordable because failing to provide health insurance to working families is not only bad for their health, it is bad for our economy. When people are uninsured, they delay seeking medical care and are 25% more likely to die prematurely. They also tend to overburden hospital emergency rooms and shift the burden of uncompensated care to all of us.⁵ In fact, the Center for Economic Analysis at UCONN estimates that uninsured residents of Connecticut received approximately \$377 million in uncompensated care in 2002, and that our state loses between \$584 million to \$1 billion each year due to the increased mortality and morbidity of people without health insurance.⁶

⁴ Connecticut Health Policy Project, *op. cit.*

⁵ Connecticut Health Policy Project, Policymaker Issue Brief #12, August, 2004

⁶ Stan McMillen, Kathryn Parr, Moh Sharma, *Uninsured: The Costs and Consequences of Living Without Health Insurance in Connecticut*, Connecticut Center for Economic Analysis, University of Connecticut; Universal Health Care Foundation of Connecticut, December, 2004,.

